

STATE OF SOUTH CAROLINA)

(Caption of Case)

APPLICATION OF ALLTEL
COMMUNICATIONS, INC. FOR DESIGNATION
AS AN ELIGIBLE TELECOMMUNICATIONS
CARRIER PURSUANT TO SECTION 214(E)(2) OF
THE COMMUNICATIONS ACT OF 1934

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 151 - C

(Please type or print)

Submitted by: Burnet R. Maybank III

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☒ Request for item to be placed on Commission's Agenda
expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input checked="" type="checkbox"/> Other: Reply Testimony
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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Burnet R. Maybank, III
Member
Admitted in SC

July 2, 2007

VIA ELECTRONIC FILING
AND HAND DELIVERY

Public Service Commission of South Carolina
Docketing Department
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

**Re: Docket Number 2007-151-C – Application of Alltel Communications,
Inc. for Designation as an Eligible Telecommunications Carrier (ETC)
in the State of South Carolina**

Dear Ladies and Gentlemen:

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach

Enclosed please find the original and one copy of the redacted reply testimony by my client, Alltel Communications, Inc., in response to the Public Service Commission of South Carolina's (the "Commission") Revised Notice dated June 27, 2007, in connection with the above-referenced matter. Also enclosed under confidential seal is a copy of this testimony that is not redacted.

By copy of this letter, I am serving all parties of record with a copy of this reply testimony.

The enclosed document is an exact duplicate of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

Very truly yours,



Burnet R. Maybank, III
Enclosure

cc: Nanette S. Edwards, Esq.
All Parties of Record

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Docket Number 2007-151-C

**Application of Alltel Communications, Inc. for Designation as an Eligible
Telecommunications Carrier (ETC) in the State of South Carolina**

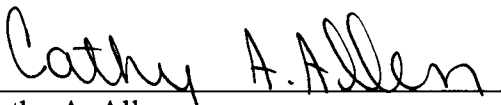
CERTIFICATE OF SERVICE

I, Cathy A. Allen, hereby certify that on this 2nd day of July, 2007, a copy of
Reply Testimony of Alltel Communications, Inc. was placed in the United States mail,
via first class, postage prepaid to:

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Office of Regulatory
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Columbia, SC 29211

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Cathy A. Allen

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

IN THE MATTER OF

**APPLICATION OF ALLTEL
COMMUNICATIONS, INC. FOR
DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER
PURSUANT TO SECTION 214(e)(2) OF THE
COMMUNICATIONS ACT OF 1934**

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Docket No. 2007-151-C

REPLY TESTIMONY OF

ROHAN RANARAJA

ON BEHALF OF

ALLTEL COMMUNICATIONS, INC.

July 2, 2007

Q: PLEASE STATE YOUR NAME, PLACE OF EMPLOYMENT AND BUSINESS ADDRESS.

A: My name is Rohan Ranaraja. I am employed by Alltel Communications, Inc. as Staff Manager – Wireless ETC/Regulatory Affairs. My business address is One Allied Drive, Little Rock, Arkansas 72202.

Q: ARE YOU THE SAME ROHAN RANARAJA WHO PROVIDED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

Q: WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY?

A: My testimony responds to the Direct Testimony of United Telephone Company of the Carolinas d/b/a Embarq witness Dr. Brian K Staihr in this proceeding.

Q: ON PAGE 8 OF HIS TESTIMONY MR. STAIHR STATES THAT “EMBARQ KNOWS WITH CERTAINTY THAT ALLTEL - UNLIKE MANY OTHER WIRELESS CARRIERS – HAS IN FACT USED USF DOLLARS TO BUILD OUT INTO UN-SERVED AREAS IN OTHER STATES. HOWEVER, WHILE IT IS LIKELY THAT ALLTEL WOULD DO THE SAME IN SOUTH CAROLINA, IT IS IMPORTANT THAT THE COMMISSION ASSURE ITSELF OF ALLTEL’S INTENTIONS BY CAREFULLY REVIEWING A SERVICE IMPROVEMENT PLAN THAT INCLUDES ITS INTENTIONS TO EXPAND ITS NETWORK”. COULD YOU PLEASE EXPLAIN HOW ALLTEL INTENDS TO UTILIZE THE HIGH-COST UNIVERSAL SERVICE SUPPORT IT WILL RECEIVE AS A COMPETITIVE ETC IN SOUTH CAROLINA?

A: First and foremost, every ETC is legally required to use the high-cost support it receives only for the “provision, maintenance, and upgrading of facilities and services for which the support is intended.” 47 U.S.C. § 254(e). Alltel will, therefore, use the high-cost support it receives to provide the Supported Services and to improve, upgrade, expand and maintain its facilities to provide service in its ETC requested service areas.

Q: NOTWITHSTANDING THE STATUTORY OBLIGATION, DID ALLTEL SUBMIT A FIVE-YEAR SERVICE IMPROVEMENT PLAN DETAILING THE IMPROVEMENTS OR UPGRADES IT WILL BE ABLE TO MAKE WITH THE RECEIPT OF UNIVERSAL SERVICE SUPPORT IN ACCORDANCE WITH THE FCC’S ETC DESIGNATION RULES?

A: Yes. Consistent with the FCC's ETC designation rules and as described in its Application, Alltel Wireless submitted a confidential five-year service improvement plan ("Plan").

Q: WHAT INFORMATION IS CONTAINED IN ALLTEL WIRELESS' SERVICE IMPROVEMENT PLAN?

A: The Plan contains a great deal of information concerning Alltel Wireless' operations and proposed service improvement projections for its ETC requested service area, including projected capital expenditures and operating expenses broken down to the wire center level, estimated construction schedules and estimates reflecting the population that would benefit from the proposed improvements or upgrades. The Plan fully satisfies the requirements of the FCC's ETC designation rules and constitutes a good faith estimate of the universal service benefits – due to expanded coverage and improved service quality – that rural and non-rural consumers in the State of South Carolina will enjoy if the Commission designates Alltel Wireless as a competitive ETC in this proceeding.

Q: HAS ALLTEL WIRELESS FILED SIMILAR SERVICE IMPROVEMENT PLANS WITH THE FCC OR OTHER STATE COMMISSIONS IN SUPPORT OF ITS APPLICATIONS FOR DESIGNATION AS AN ETC?

A: Yes. Alltel Wireless has filed the same form of service improvement plans with the FCC and numerous states in support of the Company's petitions for ETC designation.

Q: HAS ALLTEL WIRELESS FILED SIMILAR PLANS WITH THE FCC OR STATE COMMISSIONS FOR ANY OTHER PURPOSE?

A. Yes. Alltel Wireless or its affiliates has been granted ETC status in 26 states. 20 out of the 26 states, where Alltel Wireless has been granted ETC status, have adopted the FCC's ETC designation and annual certification criteria. Therefore,

Alltel Wireless has filed the same form of service improvement plan as part of its annual certification filings in each one of those 20 states.

Q: HAS THE FCC OR ANY STATE COMMISSION DETERMINED THAT ALLTEL'S SERVICE IMPROVEMENT PLAN DOES NOT MEET THE CRITERIA IN THE FCC'S RULES?

A. No.

Q: COULD YOU TELL THE COMMISSION WHETHER ALLTEL WIRELESS WILL BE PLANNING THESE SAME IMPROVEMENTS AND UPGRADES IN SOUTH CAROLINA IN THE ABSENCE OF UNIVERSAL SERVICE SUPPORT?

A: No. Alltel Wireless' designation as an ETC, and the receipt of universal service support, directly affects the Company's capital investment decisions. The capital expenditures and resulting operating expenses set forth in the Plan represent significantly greater levels of investment in South Carolina than Alltel Wireless would ordinarily contemplate in the absence of receiving universal service support.

Q: COULD YOU PROVIDE THE COMMISSION A SUMMARY OF THE PROJECTED CAPITAL INVESTMENTS IDENTIFIED IN YOUR SERVICE IMPROVEMENT PLAN?

A. Yes. The following is a brief summary of Alltel Wireless' proposed capital investments in the state of South Carolina in the first year of designation.

- Alltel Wireless projects it will invest approximately [REDACTED] to expand and upgrade its South Carolina network in the first year of designation. As a result of these projected investments, South Carolinians can expect improved service and a more reliable network.
- Although not required to, Alltel Wireless' projected investments will exceed its anticipated universal service receipts in the first year of designation. That would

mean every universal service dollar that Alltel Wireless expects to receive in the first year of designation will be invested in its South Carolina network.

- Alltel Wireless projects it will invest nearly [REDACTED] to enhance coverage in unserved and underserved areas in South Carolina it is first year of designation.
- Alltel Wireless plans to build [REDACTED] coverage enhancement sites in its first year of designation. Alltel Wireless plans to build [REDACTED] of those coverage enhancement sites in wire centers with a population of less than 16,500 persons. Alltel Wireless plans to build [REDACTED] of its sites in wire centers with a population of less than 50,000 persons.
- Alltel Wireless projects it will invest approximately [REDACTED] in its first year of designation to upgrade the switches that serve its ETC requested service area. Switch upgrades improve service quality by reducing the number of dropped and blocked calls and improves the network's reliability.
- Alltel Wireless projects it will invest approximately [REDACTED] in its first year of designation to upgrade existing cell sites. Upgrades to existing cell sites can improve coverage through the addition of new antennas or improve service quality and reliability due to increased capacity at the cell site level.
- Finally, Alltel Wireless projects it will invest approximately [REDACTED] in transport upgrades during the first year of designation. Transport upgrades include investments Alltel Wireless makes to connect new cell sites or upgrade facilities that connect existing cell sites to its switch. Transport upgrades improve call quality and reliability.

Q: PLEASE EXPLAIN WHY ALLTEL WIRELESS INCLUDED OPERATING EXPENSES AS PART OF ITS LONG-TERM PLANNING. ISN'T THE COMPANY LIMITED TO USING UNIVERSAL SERVICE SUPPORT ONLY FOR CAPITAL PROJECTS?

A: Absolutely not. Applicable laws provide that universal support must be used for the “provision, maintenance, and upgrading” of facilities and services for which the support is intended. As represented in the Plan, Alltel Wireless will incur substantial operating and maintenance costs associated with upgrading, maintaining and operating its network and providing service in its ETC requested service area, which is an equally appropriate use of universal service support. In fact, each capital improvement project will necessarily generate increased and ongoing operating and maintenance expenses that must be accounted for in order to ensure the Company’s long-term ability to provide high-quality and reliable service in its ETC requested service area.

Q: WHY IS THE INFORMATION FOR YEARS TWO THROUGH FIVE ORGANIZED DIFFERENTLY THAN THE INFORMATION INCLUDED FOR YEAR ONE?

A: The Plan includes the most detailed information presently available for each year. With respect to years two through five, there are presently too many variables to definitively project or plan specific network improvements at the same level of detail as year one. Any such efforts would prove to be too unreliable to be of assistance to either Alltel Wireless or the Commission. As a result, Alltel Wireless has made a good faith effort to estimate the overall costs of operating its network for years two through five consistent with the permissible uses of universal service support and has included those estimates as part of the Plan.

Q: HOW FLEXIBLE DOES THIS TYPE OF LONG-TERM PLANNING NEED TO BE IN THE TELECOMMUNICATIONS INDUSTRY?

A: These types of plans have to be flexible because they can and will change in response to a variety of factors, such as changes in consumer demand, changes in technology and other external factors over which Alltel Wireless has no control. Most importantly, Alltel Wireless has developed these proposed service improvements based on universal service support projections that will undoubtedly fluctuate over time. As a result, the Company must be able to continually evaluate and refine its development plans over time as well.

Q: THEN HOW WILL THE COMMISSION BE ABLE TO EVALUATE ALLTEL WIRELESS' USE OF FEDERAL UNIVERSAL SERVICE SUPPORT AND PROGRESS TOWARDS MEETING ITS SERVICE IMPROVEMENT GOALS?

A. Alltel Wireless commits to annually provide the Commission with a detailed progress report consistent with the FCC's ETC annual reporting rules. As part of these annual filings, Alltel Wireless will be able to include more detailed short-term projections, and further describe how the Company has utilized universal service support in the prior year to provide service within its ETC designated service areas. Through this process, the Commission will receive reliable data, projections and information on Alltel Wireless' use of support.

Q: ON PAGE 5 OF HIS TESTIMONY MR. STAIHR STATES THAT "ALLTEL'S APPLICATION IS BASED ON THE FCC'S EXISTING ETC RULES AND WAS FILED BEFORE THE JOINTLY PROPOSED REVISIONS WERE DEVELOPED. BECAUSE ALLTEL HELPED DEVELOP AND AGREED TO THE JOINTLY PROPOSED REVISIONS, I WOULD EXPECT ALLTEL TO REVISE ITS APPLICATION TO CONFORM TO THEM". DID ALLTEL FILE A REVISION TO ITS APPLICATION?

A. No. Alltel Wireless has not filed a revision to its Application because the Commission has not issued a final decision in Docket No. 2006-37-C. As indicated by Mr. Staihr Alltel Wireless has been actively participating in those proceedings and is familiar with the revisions that are being proposed to the

FCC's designation rules. Alltel Wireless will comply with the Commission's final decision in that docket as an ETC in South Carolina.

Q: DOES THAT CONCLUDE YOUR RESPONSIVE TESTIMONY?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

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Docket No. 2007-151-C

REPLY TESTIMONY OF

STEVE R. MOWERY

ON BEHALF OF

ALLTEL COMMUNICATIONS, INC.

July 2, 2007

1 **Q: PLEASE STATE YOUR NAME, PLACE OF EMPLOYMENT AND BUSINESS ADDRESS.**

2 A: My name is Steve R. Mowery. I am employed by Alltel Communications, Inc. as Vice
3 President – Public Policy. My business address is One Allied Drive, Little Rock,
4 Arkansas 72202.

5 **Q: ARE YOU THE SAME STEVE R. MOWERY WHO PREFILED DIRECT TESTIMONY ON**
6 **BEHALF OF ALLTEL COMMUNICATIONS, INC. (ALLTEL) IN THIS PROCEEDING ON JUNE**
7 **15, 2007?**

8 A: Yes.

9
10 **Q: WHAT IS THE PURPOSE OF YOUR REPLY TESTIMONY?**

11 A: My testimony will support the Application of Alltel Communications, Inc. (“Alltel
12 Wireless” or “Company”) to be designated as a federal eligible telecommunications
13 carrier (“ETC”) by the Public Service Commission of South Carolina (“Commission”).
14 Specifically, I will respond to the direct testimony prefled in this proceeding by Glenn H.
15 Brown on behalf of the South Carolina Telephone Coalition.

16 **Q: DID MR. BROWN CITE ANY DEFICIENCIES IN ALLTEL’S APPLICATION IN HIS INITIAL**
17 **TESTIMONY IN THIS CASE?**

18 A: No, he did not.

19
20 **Q: WHAT DID MR. BROWN DISCUSS IN HIS INITIAL TESTIMONY?**

21 A: Rather than respond to Alltel’s application in this proceeding, he devoted most of his
22 testimony to a discussion of his opinion regarding the need for overall reform of the
23 federal universal service mechanism.

24
25 **Q: IS THIS PROCEEDING THE PROPER FORUM TO DEBATE OPINIONS ABOUT WHAT KIND OF**
26 **FEDERAL UNIVERSAL SERVICE REFORM IS APPROPRIATE OR NEEDED?**

27

1 A: No. The purpose of this proceeding is determine whether or not Alltel has met the
2 requirements to be designated as an eligible telecommunications carrier (ETC) for federal
3 universal service support in South Carolina. By trying to focus the Commission's
4 attention away from the merits of Alltel's application and on to the issue of potential
5 federal universal service reform, Mr. Brown needlessly introduces confusion into this
6 proceeding. The issue of federal universal service reform is presently being addressed at
7 the federal level by both the Joint Board and the FCC and whatever ultimately results
8 from those proceedings will apply to all ETCs at the appropriate time.

9 **Q: ON PAGES 6 THROUGH 11 OF HIS INITIAL TESTIMONY, MR. BROWN PROVIDES SEVERAL**
10 **CITATIONS TO THE JOINT BOARD'S RECOMMENDED DECISION TO THE FCC. DO THE**
11 **JOINT BOARD RECOMMENDATIONS APPLY TO THIS PROCEEDING?**

12 A: No. The Joint board recommendations are just those, recommendations, and have no
13 legal value unless the FCC adopts them. The FCC may adopt them as proposed, modify
14 them, or totally reject them. Based on all of the comments that have been filed in the
15 FCC proceeding to date, it is far from certain what the eventual outcome of the universal
16 service reform proceeding will be.

17 **Q: IS THERE SIGNIFICANT OPPOSITION TO THE JOINT BOARD PROPOSAL FROM INTERESTED**
18 **PARTIES?**

19 A: Yes, there is. While I do not want to use this proceeding as a forum to debate the
20 particulars of appropriate federal universal service reform (Alltel is participating directly
21 in those proceedings at the FCC), I would like to provide the Commission with some
22 examples of opposition to the Joint Board recommendations that have been made in the
23 FCC universal service reform proceeding. I will not include opposition provided by
24 CETCs, but only from other parties. These examples are included only to provide the
25 Commission with the reasons why I believe that the Joint Board recommendations are not

1 going to be adopted by the FCC without significant modifications and therefore should
2 not be heavily relied upon by the Commission in the instant proceeding.

3 The depth of public opposition to the CETC-only cap proposal is striking. Public
4 officials have expressed concerns that a CETC-only funding cap would (1) make it more
5 difficult to achieve fundamental reform of the high-cost funding system, (2) harm
6 consumers by depressing incentives for deployment of wireless networks in rural areas,
7 and (3) unfairly skew the marketplace in an unfair and discriminatory manner.

8 Commissioner Copps had it exactly right in his dissenting statement: the Joint Board's
9 ill-conceived cap proposal "solves no enduring problem and... will be interpreted by
10 many as movement enough to justify putting the larger universal service reform
11 imperative on the back-burner. I fear today's action diminishes rather than enhances the
12 prospects for near or even mid-term reform." As Commissioner Copps correctly
13 observed, the CETC-only funding cap would "not address – or pretend to address – the
14 fundamental, comprehensive reforms needed to carry a viable and improved system of
15 universal service forward in the twenty-first century."

16 Commissioner Copps' view is shared by a majority of members of the Senate
17 Commerce Committee and key leaders of the House Energy and Commerce Committee.
18 Republicans and Democrats from both rural and urban states across the country are
19 urging the Commission to pursue comprehensive reform of the outdated high-cost
20 program, rather than simply imposing harmful restrictions on rural consumers' ability to
21 access mobile wireless service. State governors and legislators, Indian tribal leaders, and
22 local officials responsible for rural economic development and public safety agree that a

1 CETC support cap would harm consumers in rural areas by reducing their access to the
2 mobile services that they want and need the most.

3 For example Senator Ted Stevens (R-AK), the Vice Chairman of the Senate
4 Commerce Committee who represents the most sparsely populated state in the country,
5 compared the cap proposal to “someone’s putting their head in the ground. This is an
6 ostrich approach as far as I’m concerned.”^{1/} He points out the irrationality of imposing a
7 cap: “we have the new carriers come in with new technology and you’re going to put a
8 cap on what’s happened in the past when we still have areas that don’t have any service at
9 all.” *Id.* Alltel shares Senator Stevens’ view that “[t]o put off comprehensive universal
10 service reform risks a communications divide in this country. This would be a shameful
11 outcome which would hurt jobs and small businesses throughout rural America, including
12 my home state of Alaska.”^{2/}

13 At the same time, Representative Ed Markey (D-MA), representative of a densely
14 populated district and Chairman of the Telecommunications and Internet Subcommittee
15 of the House Energy and Commerce Committee, calls the Joint Board’s CETC cap
16 recommendation “a major disappointment and a setback for true reform. The Joint Board
17 appears to want to battle an oncoming tsunami with bows and arrows. The Joint Board
18 largely punts difficult decisions, yet again, to a later time. Its recommended ‘interim,
19 emergency cap’ is anti-competitive, denies rural consumers the choices they deserve, and,
20 if history is any guide, is unlikely to be ‘interim.’ The Board should have tackled tough
21 issues in a manner that would have encouraged the Commission to use the record created

^{1/} Transcript of the Hearing of the Senate Commerce Committee, “Universal Service Fund: Assessing the Recommendations of the Federal-State Joint Board” (June 12, 2007) (“Senate Hearing Transcript”), at 6.

1 over the last several years to act comprehensively now. Instead, yesterday's action
2 diminishes the likelihood of timely reform and certainly raises the question as to whether
3 the Joint Board is fulfilling the purposes for which Congress created it.”³/

4 Vice Chairman Stevens and Chairman Markey are hardly alone. Senators from
5 across the political spectrum and across the country have expressed concerns that “a cap,
6 especially one imposed only on certain carriers, would not provide incentives to all
7 stakeholders to engage in thoughtful negotiations on how to best reform the USF...
8 Although the cap is reported to be only a temporary cap, we are concerned that it would
9 become a de facto permanent cap. Unless all recipients have an incentive to find
10 solutions to controlling the growth of the USF, we do not believe that the Joint Board or
11 the FCC would ever be able to adopt measures to reform and modernize the
12 administration of the USF. Instead of limiting rural consumers' options, the Joint Board
13 should focus its efforts on long-term and even-handed interim and long term reform
14 measures. It seems worthwhile to us that the Board should seriously consider
15 competitively neutral proposals, ensure accountability for how funds are used, and
16 promote build-out of advanced services in rural regions through effective targeting of
17 funds to high-cost areas.”⁴/

18 Other Senators have stated, “We do not support any plan that would cap only one
19 select group of providers but not others, as we believe such a fix would unfairly skew the
20 marketplace. Instead, we reiterate the need for capping the overall program and doing so

²/ Senator Stevens Press release, June 12, 2007

³/ Chairman Markey statement, May 2, 2007

⁴/ Letter from Senators Jay Rockefeller (D.-WV), Mark Pryor (D.-AR), Byron Dorgan (D.-ND), Amy Klobuchar (D.-MN), and Gordon Smith (R.-OR) (Mar. 21, 2007).

1 in a manner that does not pick winners and losers or favor one technology over another.

2 We also urge you not to use interim measures, such as a temporary cap, to address the
3 pressing issues facing the USF program.”^{5/} During the June 12, 2007 hearing of the
4 Senate Commerce Committee, not a single Senator expressed support for the cap
5 proposal, but many opposed it. For example, serious and thoughtful concerns were raised
6 by the following Senators:

- 7 ○ Senator John Sununu (R.-NH): “What the Joint Board has done is recommended
8 a relatively arbitrary cap for one segment of universal service -- the CETCs. I
9 had, with other members of this committee, written a letter specifically suggesting
10 that they not take this approach, that they look at a more comprehensive approach
11 for capping funds.... I think that a piecemeal approach like this -- one, it's not
12 necessarily fair. It has the potential to skew the markets. But two, it's ... passing
13 these significant problems within the system down the road.... [I]t's going to
14 make it harder for Congress to act in a comprehensive way. I think it's going to
15 create additional inequities in the system, and I find it somewhat disappointing.”
16 (Senate Hearing Transcript at 2-3)
- 17 ○ Senator Amy Klobuchar (D.-MN): “I'm concerned that any cap on high-cost
18 universal support for competitive eligible telecommunications carriers, even the
19 temporary cap proposed by the Joint Board, may at first delay and then hamper
20 current efforts to build out wireless service in rural America.”);
- 21 ○ Senator Pryor (an “interim [cap] ... would make it difficult for a company to
22 know what to do in terms of how much to invest based on future -- you know,
23 what the future might look like.” (*id.* at 4)
- 24 ○ Senator Olympia Snowe (R.-ME): “There's no denying we need reform.... But it
25 doesn't mean that we have to accept a recommendation that disadvantages rural
26 America.... [A]s a result of this cap on the high-cost fund, what's going to
27 happen is that there are going to be fewer towers built. In fact, we'll lose five
28 towers from one carrier. Another carrier is planning to build 32 towers over the
29 next few years, and six of which last year that were built were based on using
30 funds from the high-cost fund. So what that means is that ... the rural parts of my
31 state, as across America, ... are going to be denied ... the very technology that
32 can make the difference between life and death.... But at the end of the day, the
33 consequences are that people in rural America aren't going to get the benefits, you
34 know, of this service when over half the calls to 911 come from wireless
35 service.... [I]n addition, obviously [there are] economic implications when rural

^{5/} Letter from Senators John Sununu (R.-NH), John McCain (R.-AZ), Jim DeMint (R.-SC), and John Ensign (R.-NV) (Apr. 13, 2007).

1 areas are denied the state-of-the-art technology. And so I think the inherent
2 unfairness, the disproportionate burden that it places ... on my rural state of
3 Maine and rural regions around the country, ... should lead the FCC to think
4 about putting this on hold.... The world's revolving around wireless. And that
5 being the case, we can no longer say, 'Well, we're just going to continue to have
6 them exist in 1920s technology,' those wirelines, because we're in a different
7 world today. And I don't think that rural areas should face that
8 disproportionately." (*id.* at 12-13)

9 ○ Senator Daniel Inouye (D-HI): "In the end, we cannot let short-term proposals
10 free us from the need to address long-term reform." (*id.* at 2).

11 ○ And Representative Joe Barton (R-TX), ranking minority member of the House
12 Energy and Commerce Committee, stated that "my preference is that we take a
13 more comprehensive approach that addresses wireline carriers, as well, rather than
14 one that just caps funds used primarily by wireless carriers." ^{6/}

15
16 Leading state officials also have come out strongly against the cap proposal.

17 Governor Kathleen Sebelius (D-Kansas) stated, "In my state of Kansas, with a rural
18 population separated by large distances, it is hard to over-estimate the value of the
19 partnership between the wireless carriers and the Universal Service Fund. Without USF
20 support, I can safely say that many rural communities in Kansas would not have the
21 necessary infrastructure and wireless coverage they have today.... I am ... very
22 concerned that an approach which would only cap CETCs could have a detrimental effect
23 on Kansas' rural consumers. I also question the fairness of burdening the rural
24 population with the full brunt of any cap. In light of the possible health, public safety and
25 economic consequences to rural consumers as a result of this cap, I urge you to pursue a
26 long-term solution that will hold all recipients to similar standards and accountability and
27 continue to provide the best service possible to all Americans." ^{7/}

^{6/} Statement of Representative Joe Barton (May 2, 2007).

⁷ Gov. Kathleen Sebelius letter (June 8, 2007).

1 Lieutenant Governor Stephen Pence (R.-Kentucky) told the Commission, “I
2 would be opposed if this cap singled out wireless technology. Rural Americans deserve
3 the same access to telecom services that are available in the rest of the country. Limiting
4 the growth of the USF and/or unfairly targeting wireless technology in any cap would not
5 provide the same opportunity for economic growth as their urban counterparts.... I
6 implore you to consider reforms that are fair and equitable to all providers: explore
7 competitively neutral proposals to slow the USF growth, improve accountability, and
8 above all continue producing policy for expanding and promoting telecom services in
9 rural parts of the states.”^{8/}

10 Similar opposition to the CETC cap has been expressed by state public utility
11 commissioners such as Jim Kerr of North Carolina, Curt Stamp of Iowa, and Dustin
12 (“Dusty”) Johnson of South Dakota;^{9/} state legislators from Kentucky, and South
13 Carolina;^{10/} and leaders of the Navajo Nation (Arizona), the Oglala Sioux Tribe (South

^{8/} Letter from Lt. Gov. Stephen Pence (R.-KY) (May 30, 2007).

^{9/} Letter from James Kerr, N.C. Util. Comm’n (May 1, 2007); letter from Curt Stamp, Iowa Util. Bd. (Apr. 5, 2007) (“I have concerns that an approach that would only cap CETCs or wireless ETCs could have detrimental effects on Iowa’s rural consumers. I would hate to see these people left behind because of a short-term fix that would take valuable infrastructure dollars out of the hands of wireless ETCs.”); letter from Dustin Johnson, Chairman, S.D. PUC (Mar. , 2007) (“targeting reforms to competitive ETCs, primarily wireless ETCs... may provide a quick-fix leading to the rapid elimination of fund growth, it would also result in a terrible disservice to rural consumers. Rural consumers want and need expanded and improved wireless services in rural areas for public safety, economic development, business and personal needs that are equally important to them as they are to urban consumers.”)

^{10/} *See, e.g.*, Letter from Representative Jody Richards, Speaker of the House, Ky. House of Reps. (June 5, 2007); letter from Representative Bill Sandifer, Chairman, Pub. Util. Subcommittee, S.C. House of Reps. (May 22, 2007); letter from Representative Michael D. Thompson, S.C. House of Reps. (June 4, 2007).

1 Dakota), and the Kalispel Tribe of Indians (Washington State). ^{11/} Sheriffs, E-911
2 coordinators, and other local public safety officials from Arkansas, Florida, Louisiana,
3 Maine, Minnesota, Mississippi, Nebraska, South Carolina, West Virginia, and other states
4 have raised alarms that the proposed cap would retard the deployment of wireless
5 networks, which are vital to enabling citizens to call 911 for emergency service and for
6 first responders to communicate in the event of emergencies. For example, Everett B.
7 Flannery, Chief Deputy of the Kennebec County, Maine, Sheriff's Office, testified as
8 follows to the Senate Commerce Committee:

9 The absence of good wireless service presents those of us responsible for public
10 safety in America's rural areas from doing our job properly. Poor wireless service
11 exposes both rural enforcement officers and the public to unreasonable health and
12 safety risks. Poor mobile service makes it less likely that citizens will be able to
13 give timely notification to public officials of an emergency, whether it is a car
14 crash, an accident in a logging operation, a hunting mishap, an ATV or
15 snowmobile accident or any other emergency that needs to be reported. The non-
16 availability of wireless service represents a danger both for public safety officials
17 and the public alike. For example, when our dispatch center receives a 911
18 domestic violence call, the deputy assigned will call into dispatch and be

^{11/} Letter from Joe Shirley, Jr., President, The Navajo Nation (May 24, 2007); letter from Steve Grey, Chairman, and Ernest Franklin Jr., Executive Dir., Navajo Nation Telecomm. Reg. Comm'n (May 31, 2007); unanimous resolution of the Navajo Nation Telecomm. Reg. Comm'n, Res. #NNTRC-07-002, "Capping of the High Cost Portion of the Universal Service Fund; Opposing the Proposed Cap on the Univ. Serv. Funds Distribution for the Expansion and Improvement of Wireless Services in Rural Areas of the United States" (May 31, 2007); letter from John Yellow Bird Steele, President, Oglala Sioux Tribe (June 7, 2007); brief comment from Brent Wilcox, Dir. Of IT, Kalispel Tribe of Indians (June 8, 2007).

1 connected directly to the caller.... [P]oor cell service in Kennebec County means
2 that the deputy will often be unable to get through to the residents....

3
4 [I]n the immediate aftermath of the storm [Hurricane Katrina], the
5 universal service-supported wireless carrier had the only operating
6 communications system on the Gulf Coast of Mississippi. If we in rural
7 Maine were to be hit with such a disaster of this magnitude, I fear that we
8 would have no means of communication at all.

9 In Maine, the level of support going to rural wireless carriers from the
10 Universal Service Fund will determine our ability to cope with a
11 disastrous situation. Maine's public safety officials cannot understand
12 why the federal government would consider capping rural wireless
13 expansion funding just as it is beginning to achieve the results intended by
14 the Congress in this landmark Telecommunications Act of 1996.

15 Avoiding a cap on wireless universal service funding is a very important
16 issue for Maine. That is why our entire congressional delegation has gone
17 on record opposing the cap in the letters filed with the FCC. Also, earlier
18 this month, the legislature of the state of Maine enacted a joint resolution
19 memorializing Congress and the FCC in opposition to this cap. As this
20 illustrates, achieving improved wireless service for our state is a
21 thoroughly bipartisan effort. (Senate Hearing Transcript at 20-21)

22 The National Grange (the largest organization representing farmers in the country),
23 numerous other farmers' associations, and countless individual telecommunications
24 consumers have expressed strong opposition to a cap on high-cost support for wireless
25 carriers serving rural areas. For example, Lori Gottula, a community activist in Falls
26 City, Nebraska, wrote: "Those of us who live in rural areas need and deserve reliable cell
27 phone service.... It is my understanding that, without the federal subsidies, updating cell
28 service in rural areas would be cost-prohibitive.... [P]eople in rural areas need reliable
29 cell phone service as much – if not MORE than – city residents. Why? Because if
30 someone in a city has car trouble or has an emergency, he or she is almost always within
31 walking distance of a telephone. In rural areas, we could walk for miles without ever
32 reaching assistance.... The cell phone industry is growing by leaps and bounds. If

1 subsidies are necessary so rural areas can keep up with our changing world, then we need
2 the subsidies. Residents of rural America need – and pay for – RELIABLE cell phone
3 service. It is only fair that we receive it. Don't forget about us. We need you.”^{12/}

4
5
6
7 **Q: WHAT DOES ALL OF THIS OPPOSITION TO THE JOINT BOARD RECOMMENDATION MEAN?**

8 **A:** This extraordinary level of opposition from concerned officials and citizens means that
9 the FCC has much to consider before determining whether to adopt, modify or reject the
10 Joint Board's recommendations. It is premature to assume what the FCC will do with the
11 recommended decision and the Commission should recognize that the recommendations
12 of the Joint Board do not apply in this proceeding.

13
14 **Q: ON PAGE 7 OF MR. BROWN'S INITIAL TESTIMONY, REFERRING TO THE JOINT BOARD'S**
15 **RECOMMENDED DECISION, HE STATES, "WHAT IS CLEAR FROM THIS RECOMMENDED**
16 **DECISION IS THAT THE REALITY IS NOW BEGINNING TO SINK IN THAT PRIOR STANDARDS**
17 **FOR CETC DESIGNATION WERE TOO LOOSE....." DID THE JOINT BOARD MAKE ANY**
18 **STATEMENT TO THIS EFFECT IN THEIR RECOMMENDED DECISION?**

19 **A:** No, they did not. The Joint Board did not even address modified designation standards in
20 their latest recommended decision.

21 **Q: MR. BROWN DECLINED TO ADDRESS THE PUBLIC INTEREST FACTORS OF ALLTEL'S**
22 **APPLICATION IN HIS INITIAL TESTIMONY, INSTEAD DEFERRING COMMENTS REGARDING**
23 **PUBLIC INTEREST TO HIS REPLY TESTIMONY. WHAT ARE THE BENEFITS THAT SOUTH**
24 **CAROLINA CONSUMERS WILL RECEIVE AS A RESULT OF THE DESIGNATION OF ALLTEL**
25 **AS AN ETC FOR FEDERAL UNIVERSAL SERVICE SUPPORT IN SOUTH CAROLINA?**

^{12/} *Id.*, Letter from Lori Gottula, Falls City, Nebraska (filed June 6, 2007).

1 A: Designation of competitive ETCs will serve the public interest by providing consumers
2 with greater access to the advantages and benefits of unique service offerings. Some of
3 the consumer benefits that would result from the designation of competitive ETCs
4 include:

- 5 • availability of mobility for communications;
- 6
- 7 • availability of expanded local calling areas;
- 8
- 9 • the offering of a choice of services, features and pricing that best meet
- 10 individual consumer needs;
- 11 • availability of a wireless lifeline option for low-income consumers:
- 12 • the economic, health and safety benefits associated with the availability of wireless
- 13 service in rural areas, and
- 14 • the availability of wireless and enhanced telecommunications services in rural
- 15 and high-cost areas at costs comparable to those available in urban areas;

16 **Q: WOULD YOU PLEASE EXPLAIN THESE BENEFITS IN MORE DETAIL?**

17 A: Yes

18
19
20 Mobility

21 Mobility is a very real benefit to many consumers. There are times when wired
22 telephones simply do not meet the needs of today's mobile society. The availability of
23 mobile wireless service provides consumers with greater access to communication and
24 emergency services that are especially important in rural areas.

25 The FCC recognized the benefits of expanded access to mobile telecommunications
26 services in rural areas in its Virginia Cellular designation order:

27 Virginia Cellular's universal service offering will provide benefits to
28 customers in situations where they do not have access to a wireline
29 telephone. For instance, Virginia Cellular has committed to serve
30 residences to the extent that they do not have access to the public switched

1 network through the incumbent telephone company. Also, the mobility of
2 Virginia Cellular's wireless service will provide other benefits to
3 consumers. For example, the mobility of telecommunications assists
4 consumers in rural areas who often must drive significant distances to
5 places of employment, stores, schools, and other critical community
6 locations. In addition, the availability of a wireless universal service
7 offering provides access to emergency services that can mitigate the
8 unique risks of geographic isolation associated with living in rural
9 communities...¹³

10
11 Encouraging the expansion of mobile wireless service into rural areas improves the
12 effectiveness of E-911 availability, another very important consumer safety issue. There
13 are many situations where accidents occur in remote areas where a wireline phone is
14 simply not available. Encouraging the expansion of mobile services through the ETC
15 process will benefit consumers in these situations and save lives.

16 The importance of mobility to consumers is clear, as there are now more wireless
17 subscribers in the nation than wireline subscribers.¹⁴ The FCC and other state
18 commissions have also recognized the importance of wireless universal service benefits.
19 As of March 31, 2006 there were 249 competitive ETCs designated by state commissions
20 and the FCC in 40 states that are eligible for receipt of federal universal service support
21 based upon the provision of mobile service (*e.g.*, CMRS).¹⁵

¹³ *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia*, CC Docket No. 96-45, *Memorandum Opinion and Order*, FCC 03-338, ¶ 29 (rel. Jan. 22, 2004) ("*Virginia Cellular*")

¹⁴ See FCC Local Competition Report, Issued - July 2005.

¹⁵ See the Universal Service Administrative Company ("USAC") First Quarter 2006 high cost disbursement appendices.

1
2 Expanded Local Calling Areas

3 Wireless ETCs generally provide subscribers with significantly expanded local calling
4 areas. For example, Alltel's smallest local calling area for South Carolina subscribers
5 includes the entire states of South Carolina and North Carolina combined. Consumers in
6 rural areas where wireless ETCs are designated will benefit from having access to these
7 expanded local calling areas. This provides consumers the benefit of calling outside their
8 wireline local calling area without incurring toll charges, often resulting in significant
9 savings for subscribers. While these benefits are broadly available in urban areas today,
10 they are less available in the rural / high-cost areas of South Carolina. These benefits can
11 be extended to more rural / high-cost areas with federal USF support that can be made
12 available to additional ETCs designated by the Commission.

13
14 Expanded Consumer Choice

15 The FCC listed the benefits of increased consumer choice as a key factor in its public
16 interest analysis.¹⁶ The designation of competitive ETCs will increase consumer choice
17 by providing new competitive alternatives to consumers. Because the competitive ETCs
18 will be providing services consistent with the federal universal service requirements, their
19 designation will allow consumers who presently have little or no choice with regard to
20 service providers and limited choices of service offerings the option of choosing from
21 additional providers and services.

¹⁶ *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, CC Docket 96-45 (rel. March 17, 2005). ("Universal Service Order") at ¶18.

1 Wireless technology and networks have been rapidly deployed in the past 15 years.
2 Simple economics has caused this to occur more broadly in the urban areas than in rural
3 and high cost areas of the state. The designation of Alltel as an ETC will allow some
4 South Carolina consumers in rural and high-cost areas to have access to this technology
5 for the first time.

6 7 Expanded Lifeline Availability

8 An important benefit to consumers that results from providing ETC status to wireless
9 service providers is the availability of wireless Life-line service. Without designation as
10 an ETC, wireless providers cannot offer Lifeline services to consumers. Traditional
11 wireline Lifeline plans are very beneficial to many consumers. However, there are also
12 many low income consumers, whose communications needs are not met by wireline
13 service. Wireless Lifeline plans are a very important potential benefit to mobile low-
14 income consumers and cannot be made available to them if wireless ETC designations
15 are not granted.

16 17 Economic Development

18 Another benefit relates to economic development in rural areas of the state. Elected
19 officials and economic development directors around the country have indicated that the
20 lack of sufficient wireless services in rural areas makes it difficult to attract employers to
21 these areas. By designating competitive ETCs in South Carolina, the Commission can
22 aid economic development opportunities for rural communities in South Carolina by

1 designating competitive providers as ETCs, eligible to receive the federal USF support
2 needed to improve and expand their networks in these communities.

3
4
5 *Health and Safety Benefits*

6 Health and safety benefits provided by wireless networks are especially important in rural
7 areas. When a driver is stranded on a road at night with car trouble, wireless service is a
8 very valuable safety tool. Similar benefits accrue to others in rural areas, including
9 farmers working in their fields, hunters, hikers, fishermen, etc. The availability of
10 wireless service in remote areas is a very important safety issue when emergency
11 situations arise. The FCC has found that the availability of wireless universal service
12 “provides access to emergency services that can mitigate the unique risks of geographic
13 isolation associated with living in rural communities.”¹⁷ Without the designation of
14 wireless ETCs in South Carolina, the expansion of wireless service in these areas will be
15 significantly delayed or denied because providing such service without universal support
16 is simply not economically feasible. The citizens of those states who have already
17 designated competitive ETCs are presently enjoying these benefits. The citizens of South
18 Carolina deserve to have these benefits made available to them as well. The Commission
19 can bring these benefits to South Carolina by designating Alltel as an ETC.

20
21 *Rural and Urban Parity*

22 Designation of Alltel as an ETC in South Carolina will further one of the primary
23 objectives of the federal USF by promoting rural and urban parity in the availability and

¹⁷ *Virginia Cellular*, ¶ 29.

1 price of telecommunications services. By expanding and improving their rural networks,
2 competitive ETCs provide consumers in rural and high cost service areas with basic and
3 enhanced services comparable to those provided in urban areas. These services include
4 Voicemail, Call Waiting, Call Forwarding, Caller ID, Three-way Calling, Text
5 Messaging, Enhanced Directory Assistance, Wireless Data Services, GPS-enabled E911,
6 access to 24-hour emergency roadside assistance, etc. Alltel deploys an advanced
7 technology platform that is fully compatible with facilitating the availability of enhanced
8 telecommunications and information services. Alltel's ability to provide enhanced
9 services is already significant, but would be made available to a broader base of
10 consumers in rural and high cost areas if Alltel could obtain designation as a ETC for
11 federal USF support in South Carolina.

12 Alltel desires to provide rural consumers with the same services at the same prices we
13 provide in urban areas. However, it is difficult to accomplish this in high cost areas
14 without USF support. The simple economic facts are that the lower customer densities in
15 rural areas result in lower revenues that often won't cover the economic costs of
16 providing those services in rural areas without universal service support. Access to
17 universal service support will assist Alltel in improving coverage and availability of
18 services in rural areas to levels that customers enjoy in larger urban markets.

19
20 **Q: WHAT IMPACT WILL THE DESIGNATION OF ALLTEL AS AN ETC HAVE ON THE STATE OF**
21 **SOUTH CAROLINA?**

22
23 **A:** Designation of Alltel as an ETC will have a positive effect on the availability of universal
24 service funding for South Carolina.

1 Designation of competitive ETCs in South Carolina will not result in the loss of support
2 for the Incumbent Local Exchange Carriers (“ILECs”). Unlike competitive ETCs, who
3 begin to receive support only when they begin to serve a particular customer and lose that
4 support if that customer leaves the network, an ILEC’s support is determined based on
5 the ILEC’s cost of providing the network and does not diminish when a customer
6 changes to another provider.

7 The federal universal service program was designed to shift support from large urban
8 markets to rural, high cost areas. Federal universal service funding provided to
9 competitive ETCs makes a significant difference in the infrastructure investment and
10 service improvements made possible in rural areas. While the customers of all service
11 providers, including competitive providers, pay equivalent amounts to fund the federal
12 USF, customers of competitive providers do not receive any of the benefits of federal
13 USF support in states like South Carolina that have not designated qualified competitive
14 providers as ETCs. For example, the customers of Alltel in South Carolina pay
15 approximately \$ 7,000,000 per year to fund the federal USF but do not presently receive
16 the benefits of USF support. USF funds are used to provide support to ETCs who then
17 benefit consumers through expanded service availability and improved service quality.

18 Consumers in South Carolina are providing their fair share of funding into the federal
19 universal service fund, but are not receiving their fair share of universal service benefits.

20 The following chart was developed using data from the Universal Service Administrative
21 Company’s (“USAC”) fourth quarter, 2006 projection of high cost universal service
22 support by carrier filed with the FCC.

Annual Federal USF High Cost Support for Competitive ETCs

Mississippi	\$125,877,644
Puerto Rico	\$88,669,800
Alaska	\$54,941,592
Kansas	\$53,561,976
Washington	\$53,006,688
Wisconsin	\$49,408,848
Louisiana	\$42,858,768
Iowa	\$42,301,908
Minnesota	\$39,377,160
North Dakota	\$38,685,264
South Dakota	\$28,939,628
Nebraska	\$28,176,432
Arkansas	\$27,257,208
Kentucky	\$23,280,688
Hawaii	\$18,515,040
Wyoming	\$17,362,476
Alabama	\$16,353,704
New Mexico	\$15,700,320
Arizona	\$15,601,104
Oklahoma	\$15,430,680
Michigan	\$15,198,636
Texas	\$14,099,928
Virginia	\$13,188,048
Oregon	\$11,713,692
West Virginia	\$9,911,564
Montana	\$9,370,492
Georgia	\$8,929,800

Colorado	\$8,622,240
Florida	\$8,212,356
Guam	\$7,416,144
North Carolina	\$6,785,064
Nevada	\$6,433,800
Vermont	\$6,079,728
Maine	\$5,740,256
New York	\$3,273,012
Indiana	\$3,240,636
Tennessee	\$1,466,784
Pennsylvania	\$1,380,828
California	\$952,068
Utah	\$253,452
Micronesia	\$234,168
New Hampshire	\$209,988
Missouri	\$126,096
Maryland	\$2,964
Idaho	\$0
Illinois	\$0
Connecticut	(1)
Delaware	(1)
Massachusetts	(1)
New Jersey	(1)
Ohio	(1)
Rhode Island	(1)
South Carolina	(1)
Totals	\$938,148,672

Notes: (1) No CETCs have been designated in these states
(2) All data derived from Q4 06 USAC HCF projections

1
2 This chart reflects the annualization of the support projected to be provided to
3 *competitive* providers in each state or territory for the fourth quarter of 2006.

1 As shown on this chart, customers of competitive providers in states and territories
2 including Mississippi, Puerto Rico, Kansas, Wisconsin, Louisiana, North Dakota,
3 Arkansas, Minnesota, etc. are receiving significant benefits associated with the payments
4 they make to support the federal USF and from the payments that consumers make in
5 other states including South Carolina. Consumers in South Carolina, where no
6 competitive providers have been designated as ETCs, presently receive no universal
7 service benefits from competitive providers.

8 South Carolina consumers deserve to enjoy the same universal service benefits that
9 consumers in other states enjoy today. The Commission can bring these benefits to South
10 Carolina consumers by designating Alltel as an ETC for federal universal service support
11 in South Carolina.

12
13 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 **A: Yes.**